The Role of Micro, Small, Medium Enterprises in Enhancing Post-Covid Community-Based Tourism

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Abstrak

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Abstract
Approaching a three-year mark since the onset of Covid-19 pandemic, tourism remains in the forefront of Indonesia’s overall recovery strategy, along with the micro, small and medium-sized enterprises (MSMEs) that have also been the backbone of the country’s economy. The field of community-based tourism (CBT), which has developed around the growth of these MSMEs, has increasingly gained traction in the Indonesian tourism research community in the past decade or so. However, there remains a great deal to be explored, particularly in relation to attaining sustainability in the face of global crisis such as the Covid-19 pandemic. This study aims to analyze the role of MSMEs in enhancing CBT, focusing on their business strategies prior to and following the onset of the pandemic. A descriptive qualitative method is utilized by means of content analysis and literature review, both from primary and secondary sources. The resulting analysis reveals that the role of MSMEs significantly contribute to enhance community-based tourism strategy before and after the pandemic. The study also reveals that following the Covid-19 pandemic, MSMEs’ business and development strategies shifted toward increasing and improving utilization of digital technology and literacy across all MSME sectors.

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INTRODUCTION

With Indonesia’s abundant natural resources and richness of culture, tourism has always played a vital role in the country’s socio-economic wellbeing. Akin to any other sectors, the tourism sector is bound to face obstacles and challenges along the way, ranging from political instability, economic crisis, terrorism issue, shifting the focus to ‘beyond Bali’, marketing and branding challenges, to resource quality management. None has presented a greater challenge than the unprecedented adversity of the Covid-19 Pandemic that emerged in late 2019. Indonesia’s micro, small and medium-sized enterprises (MSMEs), that have also been the backbone of the country’s economy and instrumental in tourism development strategies, are also hard-hit by the pandemic. McKinsey & Company, the global management consulting firm, asserted in their 2020 annual report that having accounted for 61% of GDP, MSMEs are projected to further contribute up to USD$140 billion by the year 2030 by adopting digital technology. Incorporating technology in MSMEs’ operations, particularly in rural areas, is no small feat, considering that prior to the emergence of Covid-19 pandemic, information technology initiatives in rural tourism areas were intermittent and isolated (Purwaningsih et al., 2021).

In the face of a global crisis the magnitude of the Covid-19 pandemic, many have recognized the need to change and innovate to adapt to the disruptive ordeal. However, due to its unprecedented nature, most are scrambling to initiate a speedy response. Even up to the first half of 2020, the Government’s pandemic response was assessed as slow, uncoordinated, incoherent, and even conflicting at times. Such condition cascading to economic sectors down to tourism, CBT and MSME level presents amplified pressure and challenge for these sectors to adapt and respond swiftly and accordingly. Various studies revealed that although MSMEs has demonstrated a degree of resilience, their performance has not improved overtime (Salim et al., 2021). Furthermore, the Covid-19 pandemic has created an increasingly arduous hindrances for MSMEs to overcome. When a challenge of such unprecedented scale has had the government struggling to balance the preservation of life and maintaining livelihoods, existing MSMEs may understandably be unprepared to adapt.

In this context, this study seeks to assess whether a shift in business mitigation and recovery strategy has occurred at MSME level within the tourism sector in response to the pandemic. Subsequently, strategies and their execution before and after the pandemic are examined, noting their significance in driving economic recovery through community-based efforts. Several studies have attempted to learn of mitigation or recovery strategies implemented by MSMEs and the tourism sector in individual regions, but not many have delved into a broader scope of analysis. This study aims to identify and map out such strategic shift among Indonesia’s MSMEs within the tourism sector, to obtain a more comprehensive insight into how these enterprises in general respond to a disruptive global change in effort to survive, sustain, and enhance the community-based tourism endeavors. Knowledge into these matters will benefit MSMEs in determining responsive and appropriate strategies to adapt to massive-scale changes in their environment, to ultimately attain stability and sustainability. Likewise, MSME & CBT policy makers and relevant stakeholders both in private and public sector will benefit from the insight into the direction of the shift in recovery and development strategies as well and obstacles in attaining desired outcomes, providing grounds to offer the necessary support and assistance for MSMEs in the tourism sector to survive and thrive through community-based empowerment efforts.

The scope of this study extends to the general tourism sector in Indonesia, focusing on MSMEs as an instrumental part of the CBT initiatives. The study is limited by the available literature and research data within the last decade, going back a few years prior to the emergence of the Covid-19 pandemic. The remainder of the paper is organized as follows. Section 2 provides relevant literature along with results and implications of previous research and their bearing on the current study. Section 3 describes the method with which this study is carried out. Results are presented and discussed in detail in Section 4. Conclusions and implications of this study on future work/research are discussed in Section 5.
Related Works
Since 2013, Micro, Small and Medium Enterprises (MSMEs) in Indonesia have a strategic role with MSMEs in Indonesia 57.89 million units with a contribution to gross domestic product of 59.08%. The contribution of MSMEs to employment is around 97.16% or 114 million people (Kementerian Koperasi dan UMKM, 2015). Over the years, the development of MSMEs is increasing, even the management of these MSMEs is also one of the supporters of the development of the community-based tourism sector (CBT). Starting in 2016, Micro, Small and Medium Enterprises (SMEs) are expected to be more productive and competitive to facing the ASEAN Economic Community (AEC), and one way to improve competitiveness is through the adoption of ICT (information, communication and technology) including the adoption of e-commerce (Febriantoro, 2018).

Pandemic Impacts on The Tourism Sector, MSMEs, and CBT
The Covid-19 pandemic has had a negative impact on the sustainability of Indonesia's economic life, especially for MSME players (Andayani et al., 2021). Thaha's research (2020) reported that 163,713 MSME actors in the food and beverage sector were affected by the Covid-19 pandemic. The results of the research report were added to the data from the Ministry of Cooperatives and SMEs which reported that 56% of MSMEs experienced a decline in sales, 22% in the financing aspect, 15% in the aspect of distribution of goods, and 4% had difficulty getting raw materials. This report is a serious matter, considering that the contribution of MSMEs is very strategic for the Indonesian economy.

Community-Based Tourism is tourism where the community is the main object, in the development of community-based tourism, the community has a role in all development sectors, both as planners, investors, implementers, managers, supervisors, and evaluators (Hadiwijoyo, 2013). Community-based tourism (CBT) is developed based on the principle of balance between various other parties involved in tourism development including the government, the private sector, and the community. Conceptually, the principle of community-based tourism development emphasizes tourism development from the community, by the community, and for the community. In every stage of development, starting from planning, development, management, and development to monitoring and evaluation, the community needs to be actively involved (Satrio & Sabana, 2018). MSMEs are a form of community involvement in improving the community's economy. In order to support the success of tourism, it is necessary to be supported by local SMEs who can introduce and sell products in accordance with local wisdom and the potential of their natural resources. It is known that SMEs can drive the economic potential of the community and are proven to be able to help support the economy country (Muafi et al., 2018).

Micro, Small, Medium-sized Enterprises (MSMEs): Comparison Between Pre and Post-Pandemic Strategy
Research conducted in 2016 on MSMEs in the city of Tarakan can be found that the main strategy is the Growth strategy where MSMEs in the city of Tarakan utilize all the strengths of MSMEs, namely maintaining the quality of raw materials, legality/product permits that are included in the qualifications, prices that remain competitive and improve human resources in MSMEs in the city of Tarakan (Ariani & Utomo, 2017). Other studies emphasize that the quality of human resources is also important to support the success of MSME actors in CBT, including by improving English language skills and using media (Riyantini & Suprasti, 2020). The relationship of English with economic competitiveness, social development, and innovation, as well as low levels of education, community reluctance to learn and the lack of training programs to improve the quality of human resources from stakeholders or the government are factors that hinder the mastery of English, which has an impact on public services to foreign tourists (Afifulloh, 2018). Other facts show that countries with high levels of English proficiency tend to have higher average incomes, a better quality of life, and greater investment in research and innovation development. These English language skills improve the quality of human resources.

The readiness and availability of Human Resources (HR) is of key importance in the establishment and operation of proper tourism
especially when tourism development and development is from and by local communities. Tourism education and training is one of the important things for the community to prepare competent human resources in tourism. Community support and involvement in the development of various appropriate facilities and opportunities based on community strengths and local resources must be prepared to the maximum (Nawangsari & Rahmatin, 2022).

During the pandemic, several studies explained the marketing strategy for MSME products was online marketing (Andayani et al., 2021). Before the pandemic, the use of e-commerce applications had shown a significant effect on improving MSME performance (Ningtyas & Sunarko, 2015). Meanwhile, other research conducted during the pandemic also shows that the MSME survival strategy in the midst of the Covid-19 pandemic is to utilize e-commerce marketing applications, digital marketing, improve product and service quality, and utilize customer relationship marketing (Laura Hardilawati, 2020).

Community Based Tourism (CBT)

Community-based tourism as a form of self-actualization activities, social exchange, mutual understanding and learning of local community activities. Rural tourism destinations are the focus of community-based tourism development, with increasing tourism activities that are in direct contact with the daily activities of the community. This creates a new phenomenon in tourism that tourism may not have to be luxurious and expensive but is enough to provide new impressions and experiences for tourists (Nawangsari & Rahmatin, 2022).

The tourism sector has contributed significantly to the economy with the emergence of various Micro, Small and Medium Enterprises (MSMEs) industries such as culinary, including cafes or shops, as well as elements of the food and beverage industry, the lodging industry to parking, billboards, groundwater utilization to the United Nations and even BPHTB which includes Regional Tax which can make a positive contribution to Regional Original Income (Setyanto & Handayani, 2020).

The concept of CBT development is tourism development that requires access, participation, control and benefits for the community in economic, social, cultural, political and environmental aspects (Ritchi, et al., 2018). The development of information technology, especially with the internet media, makes it necessary to increase understanding of technology and its changes to increase productivity, one of which is in the world of tourism, and the relationship between information technology and local government finances has a significant effect (Setyanto & Handayani, 2020).

Based on the understanding and results of several previous studies, it can be concluded that the emergence of a pandemic clearly has a significant impact on all aspects of life, including the development of MSMEs and CBT. Therefore, it is important to examine the strategies implemented by MSMEs as part of efforts to develop CBT before and after the emergence of the pandemic.

RESEARCH METHODS

In this study, the data used were obtained through a literature study with data collection techniques through documentation. This documentation is carried out by collecting and studying various literatures in the form of books, scientific journals, papers, articles, laws and regulations, and data from official websites to obtain in-depth and relevant information on the issues to be discussed. The type of data obtained is secondary data, because the primary data needed in this study can be obtained from previous studies. Literature study uses several key elements, namely search, assessment, synthesis, analysis, and presentation. All key elements are combined in the discussion process to obtain a complete set of analysis results.

The method used in this research is descriptive qualitative method in describing the focus of growth and recovery strategies implemented by MSMEs as part of efforts to develop Community Based Tourism (CBT), both before and after the Covid-19 pandemic. Qualitative research method is a method used to describe and analyze phenomena, events, social activities, attitudes, beliefs, perceptions, thoughts of people individually and in groups (Sukmadinata, 2005).
RESULTS AND DISCUSSION
Following the Covid-19 pandemic, MSMEs’ business and development strategies shifted toward increasing and improving utilization of digital technology and literacy across all MSME sectors. Although these strategies have been carried out to some extent prior before Covid-19 surfaced, the pandemic served as a catalyst for its prioritization.

Pre and Post-Pandemic Mitigation, Recovery and Development Strategies Implemented by MSMEs dan CBT
The most significant shift from pre- to post-pandemic mitigation, recovery and development strategies of MSMEs and CBT is in the application of health protocols in every activity carried out. Analysis of previous research data revealed the following as the most prominent: (1) utilization of online marketing, (2) empowerment of local communities, (3) product quality improvement, and (4) CHSE implementation.

Utilization of Online Marketing
From several studies, the use of online marketing has been carried out by MSMEs before the pandemic period, the difference is, in the pre-pandemic period, online marketing was still carried out in conjunction with offline marketing such as participating in exhibitions, events and competitions. During a pandemic, offline marketing is limited, so online marketing is more focused on MSMEs as their survival strategy during the Covid-19 pandemic. Moving beyond the Covid-19 pandemic, MSMEs will be increasingly reliant on digital and online technology. This indicates a strong shift towards digital and online reach in their future business development strategies.

Empowerment of Local Communities
Community has an important role in the development of MSMEs in the CBT sector (Amelia & Prasetyo, 2020). Improving the quality of human resources by providing various trainings, such as improving foreign language skills and training in quality product management skills, helps these MSMEs to survive during the pandemic. With the advancement of online marketing, geographical boundaries in market outreach will be a thing of the past for MSMEs, thus communication skills with foreign market becomes a logical step in future endeavors. Whereas prior to the onset of the pandemic, community-based tourism leans towards reliance upon local and domestic market and marketing efforts, human resources development initiatives indicate shifting strategies towards placing priority on expanding online presence and regional/international market outreach.

Product Quality Improvement
Product quality can be said as the conformity between the product produced and the specified standard. Currently, MSMEs in their activities produce a variety of products that actually have potential and capabilities that are not inferior to foreign MSMEs. There are two main things that make our MSMEs unable to compete with imported products, namely: product packaging and quality control. Many of the products produced in neighboring countries are the same as ours, but their products are well packaged and of inconsistent quality (Kartawan et al. 2016).

CHSE Implementation
Facing a new era of normality in the tourism sector, after experiencing paralysis during the pandemic, the Ministry of Tourism and Creative Economy is trying to create a sense of care for tourists during tourism activities with the CHSE (Cleanliness, Health, Safety and Environmental Sustainability) certification program in all tourist attractions, lodging, supporting infrastructure. tourism and related stakeholders. The implementation of the CHSE is expected to revive tourism in Indonesia in the face of a new normal in the midst of the Covid-19 pandemic (Kementrian Pariwisata dan Ekonomi Kreatif, 2020). The application of CHSE in the implementation of tourism is expected to provide confidence for tourists who will visit the Tamansari Tourism Village from the transmission of Covid-19 during tourism activities (Amelia & Prasetyo, 2022).

Discussion
Prior to the Covid-19 pandemic, the tourism industry was a rapidly growing sector that not only contributed to economic improvement but also created job opportunities (Begum et al., 2014). However, during the COVID-19 pandemic, it was the sector that was most economically affected.
The COVID-19 pandemic has changed the condition of "normality" in all sectors of life, including the tourism sector. The Indonesian government pays serious attention to equitable rural development through the Village Fund Policy (Pabubung, 2021) in which, almost all rural communities are encouraged to promote tourism by developing plans and designs according to the potential of each region. Successful sustainable community development is an indicator of successful rural development. The key to a successful sustainable community requires the involvement of the community at every stage of the development process. In the context of community-based tourism development, community involvement is the main focus.

On the one hand, the pandemic period seems like the cause of various obstacles to various activities and has an impact on the economy. However, if examined from the other side, this pandemic period has brought changes in individual behavior, including tourist behavior, to pay more attention to environmental cleanliness. Where previously tourists may not put so much attention to environmental aspects, they have now begun to pay greater concern about the carbon footprints the leave behind on the environment and destinations they visit. Nature conservation is an inseparable part of human life (Suharsono et al., 2021). Recovery strategies during the pandemic and post-pandemic are closely related to sustainable community development, where the ultimate goal is the achievement of resilience community conditions (Adger, 2000). Resilient community is defined as the ability to anticipate risks, limit impacts and recover quickly through survival, adaptability, evolution and growth in the face of rapid change (Wikantiyoso et al., 2020). The development of sustainable tourism is not only in terms of sustainable development but also how the tourism business can be sustainable, including responding to the challenges of the Covid-19 pandemic.

The opportunities and challenges of community-based tourism in facing the adaptation of a new life in the midst of the Covid-19 pandemic, are the capital for tourism development and the participation of local communities as the main stakeholders of tourism, while the main challenge in tourism today is more about the level of public awareness of health protocols. Tourism in the new normal era is expected to be able to adapt CHSE (Cleanliness, Health, Safety, and Environmental Sustainability) in order to maintain tourist trust in tourist attractions. However, for MSME entrepreneurs, it is still a challenge to realize the implementation of CHSE if they do not have the capacity to provide health protocols (Nawangsari & Rahmatin, 2022).

CONCLUSION

As many previous studies have revealed, MSMEs as part of the CBT development strategy are not as yet agile as they can be in responding to a massive scale change such as the Covid-19 pandemic. Even prior to the emergence of the pandemic, MSMEs were still yet to overcome a number of obstacles in order to improve their performance towards sustainability. Major improvement efforts among MSMEs within the tourism sector were required in developing human resources, increasing innovation and providing a conducive ecosystem for the MSMEs to thrive. Naturally, the government’s role is instrumental in facilitating and supporting MSMEs with policies that eases the growth of MSMEs in general and in the tourism sector in particular, as these two areas become prominent pillars in the nation’s socio-economic wellbeing.

The onset of the Covid-19 Pandemic only further highlighted the shortcomings and hindrances experienced by MSMEs prior to the pandemic. A shift in strategies were evident in the efforts to increase and improve utilization of digital technology across all MSME sectors. This shift is compounded by the restriction in physical mobility implemented by the global community as a result of the pandemic. Means of market access has been forced to seek beyond the traditional physical access. This in itself is a challenge for MSMEs due to their size and limited of access to technology associated with rural villages. Post pandemic strategy therefore highlights increasing effort to educate and develop skills related to digital and online technology. Today, with a real end of the pandemic in sight, one of the major obstacles experienced by MSMEs remains a lack of access to necessary digital literacy and infrastructures, in addition to the gaping need for an overall conducive ecosystem, in terms of financial solutions included. In this context, the government and the private sector are expected to
play their roles in creating and providing such support.

As this study is heavily reliant on available literature and research data surrounding MSMEs in relation to an unprecedented catalyst event namely the Covid-19 pandemic that occurred a little over 2 years prior, more extensive and large-scale review is required. Further study on factors causing obstacles for MSMEs in adapting to major changes is also recommended in order to shed better light into ways relevant stakeholders and policy makers should undertake to impart necessary changes among MSMEs that will increase their resilience, agility and sustainability, particularly in the face of future disruptive changes.

REFERENCES


